Business Briefs

Monetarism

Bulgarian government falls over IMF, shock therapy

The "democratic" Bulgarian government of Prime Minister Dmitrov was forced to resign on Oct. 28 after the parliament defeated it in a vote of no-confidence. The technical issue on which the government fell, had to do with one minister's purported deal to sell arms to Macedonia. But as Dmitrov himself made clear in a public statement, it was on the government's economic reform program, which was mandated by the International Monetary Fund (IMF) and required parliamentary approval, that the government was defeated. Dmitrov has been given a mandate by President Zhelev to constitute a new government.

This is the latest sign of the collapse of democracy being caused in formerly communist eastern and central European countries by the effects of IMF policies. Recently, Lithuanian President Vytautas Landsbergis and his Sajudis party suffered a humiliating defeat at the hands of the country's communist opposition, largely because of the population's rejection of IMF austerity.

In Bulgaria, the government has been implementing one of the most atrocious "shock therapy" policies of any government in the formerly communist realm. This program has been cited positively as a model by the Jeffrey Sachs maniacs.

R&D

Market-oriented policies destroying Germany

The collapse of east German industrial research is being caused by wrong western policies, declared Lothar Späth, the former governor of the state of Baden-Württemberg and now managing director of one of the few surviving high-tech companies in eastern Germany, Carl Zeiss Jenoptik.

Speaking to a conference of scientists in Berlin, Späth attacked western investors for only setting up businesses with a "fast product" for a short-lived market, instead of developing a modern industrial structure based on sound research and development. East German industries are in "Portuguese conditions," he charged, and the neglect of industrial R&D produces a less productive job structure by boosting the service sector. Instead of exploiting the opportunity to launch "new conceptions" with a rebuilt industrial economy in the East, "we have copied the western states, with all the mistakes."

Späth called for an increase in R&D spending and more public R&D orders. According to the Economic Institute Halle (IWH), the R&D potential in the five new states will have collapsed 85% by mid-1993 and the number of employees will have dropped from 75,000 in the beginning of 1990 to 15,000 in October 1992.

Italy

'National sovereignty' at stake, says adviser

The "national sovereignty of the economy is at stake," Massimo Pini, chief adviser for public industry to Italian Prime Minister Giuliano Amato, said in the weekly *Mondo Economico* in late October. Pini is opposing an Anglo-American plan for privatizing Italian public industry as a recipe to balance the state deficit.

"It is useless to hide it," Pini said. "Privatizations would open up foreign capital to our industries, and defending . . . those sectors where we guarantee national products," such as in food distribution, "means to defend the Italian position in Europe."

Pini was referring in particular to pressure to sell SME, a food giant owned by the Italian state, which is coming under pressure from financial raider Raul Gardini, who is allied with French financier Jean-Marc Vernes. Rumors of insider trading on the SME have prompted a parliamentary inquiry.

On Oct. 28, Amato declared that plans to privatize the country's state industries could not be rushed. "Privatization is not something to be treated lightly," Amato told Italian state television. "We have to take our time to avoid selling at low prices."

Amato's remarks followed an ongoing revolt against austerity. According to non-government surveys, 140,000 Italians will lose their industrial jobs next year. On Oct. 25, over 15,000 shopkeepers met in Rome to discuss how to protest the introduction of a "minimum tax." More radical participants are pushing for a closure of all shops in the country for one day. On Oct. 29, some 200 factory councils in northern and central Italy decided to join a strike of chemical workers against the government.

ASEAN

Six nations consider shared power grid

Southeast Asian nations are considering construction of a $10 billion power grid, aimed at sharing electricity through land and submarine cables. Officials from Malaysia's power firm Tenaga Nasional Bhd told Reuters on Nov. 2 that Malaysia is coordinating the project.

The project will involve the construction of eight power transmission lines linking Brunei, Indonesia, Malaysia, the Philippines, Singapore, and Thailand. The project, overseen by economic ministers of the Association of Southeast Asian Nations (ASEAN), would ensure that the region had a reliable "fallback" source of power during emergencies, one official said. "We hope eventually the system would become like that in Europe where one country supplies electricity to another when the need arises, without payment."

The officials said the first phase of the project would be the construction of a $150 million, 600 megawatt transmission cable linking the northern part of Malaysia to southern Thailand. This phase of the project will be jointly undertaken by Tenaga and the Electricity Generating Authority of Thailand (EGAT). Here, the cost will be equally shared between EGAT and Tenaga.

Another phase of the project involves laying submarine cables between the Malaysian Peninsula and the Sarawak state of Borneo Island. "This phase is expected to cost $4 billion, and will be borne by Malaysia as it's a domestic project," an official said. The link between Malaysia and Sarawak would be later expanded to Brunei and the Philippines.

The officials noted that Malaysia's energy needs were expected to double by the end of the decade to more than 10,000 megawatts and that the country needed to step up power generation to meet rising demand.

International Credit

French council calls for recovery policy

A report on the economic situation by the Economic and Social Council, a national institution in France, underlined the necessity to launch a "selective and concerted Europe-wide recovery policy," even if only among a few countries, according to coverage in the Oct. 28 French press.

This recovery policy would be based "on an active support of the housing sector" and more generally of the construction and public works sectors, with a "mobilization of credit" for road infrastructure and collective urban transports, the report urged.

The report attacked the "optimism" of the government, probably referring to the incredible statement of French Prime Minister Pierre Bérégovoy some days ago that "the crisis is behind us."

The "competitive deflationary" policies of "the present government have reached their limits and must be inflected," the report said. "One cannot remain inactive" while certain persons begin talking about a 1929-style crisis. We must change policies, because "disinflation can lead to deflation and deflation to recession."

Energy

Malaysia expected to become net oil exporter

Through new oil project investments, Malaysia will emerge as a net exporter of petroleum products, the wire service Opecna reported on Nov. 2. In the first nine months of this year, the government has approved four refinery and three other petroleum-related projects worth a total investment of $6.3 billion.

Deputy Minister for International Trade and Industry Chua Jui Meng said on Oct. 23 that the projects make up 65% of the total manufacturing investments of $9.6 billion approved during the January-September period. The government, he said, would encourage further expansion of the petroleum sector, especially investments in downstream plants.

Officials in Kuala Lumpur estimate that the four new projects will raise Malaysia's refining capacity to 850,000 barrels per day, up from the current 214,800 bpd.

The largest of the four proposed refineries, which will cost about $1.5 billion, is to be completed by the French group Société Nationale Elf Aquitaine. This project will be its first crude-processing plant set up in Southeast Asia.

Demographics

Abortion a necessity, genocidalist tells IPPF

"Safe abortion" must be increasingly used as a means of birth control, and 70% of women require at least one such abortion if they are to restric their fertility to two children, stated Francine Coeytaux from the New York-based Population Council, in a presentation to the 40th anniversary congress of the International Planned Parenthood Federation in New Delhi, India, the Oct. 27 London *Guardian* reported.

Stated Coeytaux: "I personally find this statistic amazing, that even under the best of circumstances . . . seven out of ten of us will need to rely on abortion. One of the things that has driven me . . . has been the conviction that we can control our fertility. And of course we can. But to a degree. And that degree depends largely on our access to abortion. . . . Contraception is still far from ideal. Thus, while strengthening contraceptive services is essential to reducing the number of unwanted pregnancies, contraception will not altogether remove the need for abortion. In summary, induced abortion is here to stay and plays a critical role in family planning and fertility reduction."

Coeytaux added that "safe abortion" should therefore be an integral part of "family planning" programs.

Briefly

- **SIX JAPANESE** trading companies announced a feasibility study for a $4 billion petrochemical plant in northern China (formerly Manchuria), which would be the biggest Japanese-Chinese venture yet, the Oct. 26 *International Herald Tribune* reported. The Japanese government is expected to contribute to the project if it goes ahead.

- **A BRITISH FIRM** began paying workers in German currency on Oct. 28. "We have no confidence anymore in the British pound; that's why we're taking the deutschemark now," said Martin Cuthbert, the director of the Brownstone Glass and Glazing firm in Leicester, Britain.

- **THE PRICE** of gasoline will rise by up to 12¢ per gallon in 38 U.S. metropolitan areas beginning Nov. 1, under the provisions of the Clean Air Act of 1990. Oxygenated gasoline, supposedly to control smog during the winter months, will cost approximately 7¢, while the decreased mileage from the new product will cost 3-5¢ more per gallon.

- **JAPANESE** officials strongly defended a plan to ship plutonium from Europe on Oct. 26. Briefing reporters on Japan's 1992 nuclear energy white paper released on Oct. 23, Shigeru Maeda, deputy director of the Science and Technology Agency's Atomic Energy Office, said, "Japan's stance is that there is no other method but atomic energy. We cannot do without it."

- **OVER 20,000** people protested in Madrid, Spain on Oct. 26, in solidarity with Spanish steelworkers, 40% of whom are being laid off because of Spanish government and European Community proposals to close steel mills and cut jobs.

- **MALARIA** increased fourfold in Ibero-America, the World Health Organization has reported. The number of cases in 1990 was 1.1 million, up from 270,000 in 1974. The WHO identified poverty, migratory movements, and drug trafficking as the main factors spreading the disease.